Revenue Budget Monitoring Outturn 2019/20

Decision to be taken by: City Mayor

Overview Select Committee date: 29th July 2020

Lead director: Alison Greenhill

Useful information

- Ward(s) affected: All
- Report author: Amy Oliver
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1. Summary

This report is the final one in the monitoring cycle for 2019/20, setting out the Council's financial performance against its revenue budget for the financial year.

As has been the case for many years now, the scale of Government funding cuts means departments were under pressure to provide services with reduced funding, and this often results in budget difficulties which need to be managed. Also, towards the very end of the financial year, some of the financial consequences of the Covid-19 pandemic were starting to emerge (especially around income).

Children's and Adults Services managed to live within their budgets for 2019/20, but as reported are continuing to see cost pressures. The budget for 2020/21 has therefore provided additional resources to support social care services in both departments. Nonetheless, it is anticipated that both departments will continue to experience pressures. In addition, Adult Social Care is seeing additional pressures as a direct result of the Covid-19 pandemic which we anticipate will be met from Government grant. It is, however, uncertain the extent to which these cost pressures will be ongoing.

City Development and Neighbourhoods Department overspent its budget in 2019/20. Pressures had been reported during the year, but were exacerbated by a loss of income during March, as a consequence of the Covid-19 pandemic. This overspend within the department will be funded through the use of the contingency budget which was provided when the 2019/20 budget was set.

Although the report details the pressures within departments it is important to note that the Council has lived within its overall budget. But with the current Covid-19 pandemic and previously reported pressures, the financial outlook is looking increasingly difficult and critically dependent on the Government fulfilling original expectations that the costs of the pandemic will be met.

Some of the costs described in this report can be met from the Covid-19 emergency grant already received from the Government going forward.

2. Recommendations

2.1 The Executive is recommended to:

- Note the outturn position detailed in the report.

- Approve the following earmarked reserve changes;

  a) transfer of underspends within the Corporate Resources department as set out in Appendix B, Para 2.1.
  b) transfer the amounts in Adult Social Care as detailed in Appendix B, Para 13.1 & 13.8 to reserves.
  c) transfer of underspends within Public Health & Sport services as set out in Appendix B, Para 14.4.
  d) transfer of underspends within corporate budgets to the IT divisional reserves, welfare reserve and managed reserves as detailed in Appendix B, Para 16.4, 16.6 and 16.7, 16.8.
  e) transfer of £890k from Health & Well Being Reserves to managed reserves as detailed in Appendix C, Para 4.6
  f) merge the Democratic Pressures reserve into Managed Reserves as described at Appendix C, para 5.1
  g) repurpose of the welfare reserve to give it a wider remit as described at Appendix C, para 5.7.

2.2 The Overview Select Committee is recommended to:

- Consider the overall position presented within this report and make any observations it sees fit.

3. Supporting information including options considered:

The General Fund budget set for the financial year 2019/20 was £263.9m.

Appendix A summarises the budget for 2019/20.

Appendix B provides more detailed commentary on the forecast position for each area of the Council's operations.

Appendix C provides details on the Council's earmarked reserves.

4. Financial, legal and other implications

4.1 Financial & Legal implications

This report is solely concerned with financial issues.

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4.2 Climate Change and Carbon Reduction implications

This report is solely concerned with financial issues.

4.3 Equality Impact Assessment

No Equality Impact Assessment (EIA) has been carried out as this is not applicable to a budget monitoring report.

4.4 Other Implications

Other implications	Yes/No	Paragraph referred
Equal Opportunities	No	-
Policy	No	-
Sustainable & Environmental	No	-
Crime & Disorder	No	-
Human Rights Act	No	-
Elderly/People on low income	No	-
Corporate Parenting	No	-
Health Inequalities Impact	No	-

No other implications are noted as this is a budget monitoring report, and therefore no policy changes are proposed.

5. Background information and other papers.

Report to Council on the 20th February 2019 on the General Fund revenue budget 2019/20
Period 3 Monitoring presented to OSC on 19th September 2019.
Period 6 Monitoring presented to OSC on 28th November 2019
Period 9 Monitoring was not presented to OSC on 5th March 2020 due to the meeting being cancelled, although the report was published.

6. Summary of appendices:

Appendix A – Outturn Summary;

Appendix B – Divisional Narrative – Explanation of Variances;

Appendix C – Earmarked Reserves

7. Is this a private report?

No

8. Is this a "key decision"?

No

APPENDIX A

Revenue Budget Outturn, 2019/20

2019-20	CURRENT BUDGET	Outturn	Variance
Neighbourhood & Environmental Services	31,446.0	31,443.9	(2.1)
Tourism Culture & Inward Investment	4,270.1	4,787.0	516.9
Planning, Development & Transportation	15,215.9	15,506.1	290.2
Estates & Building Services	4,821.9	5,155.8	333.9
Departmental Overheads	1,020.9	709.6	(311.3)
Housing Services	2,822.8	2,974.3	151.5
City Development & Neighbourhoods	**59,597.6**	**60,576.7**	**979.1**
Adult Social Care	**109,141.3**	**101,709.8**	**(7,431.5)**
Health & Well Being	**18,557.0**	**18,169.9**	**(387.1)**
Strategic Commissioning & Business Support	1,039.4	1,165.2	125.8
Learning Services	10,550.8	11,646.5	1,095.7
Children, Young People & Families	60,055.5	58,791.3	(1,264.2)
Departmental Resources	(2,766.8)	(2,724.1)	42.7
Education & Childrens Services	**68,878.9**	**68,878.9**	**0.0**
Delivery, Communications & Political Governance	5,659.5	5,971.9	312.4
Financial Services	11,215.5	11,215.5	0.0
Human Resources	3,899.0	3,586.6	(312.4)
Information Services	9,263.6	9,263.6	0.0
Legal Services	2,673.8	2,673.8	0.0
Corporate Resources & Support	**32,711.4**	**32,711.4**	**(0.0)**
Housing Benefits (Client Payments)	500.0	(2,133.0)	(2,633.0)
Total Operational	**289,386.2**	**279,913.7**	**(9,472.5)**
Corporate Budgets	(157.6)	(5,624.5)	(5,466.9)
Capital Financing	6,005.9	5,238.2	(767.7)
Total Corporate & Capital Financing	**5,848.3**	**(386.3)**	**(6,234.6)**
In year Spending Review Savings	0.0	(1,689.0)	(1,689.0)
Public Health Grant	(26,103.0)	(26,103.0)	0.0
Managed reserves Strategy	(1,763.4)	(1,763.4)	0.0
Demographic pressures reserve	(3,455.0)	(3,455.0)	0.0
TOTAL GENERAL FUND	**263,913.1**	**246,517.0**	**(17,396.1)**

APPENDIX B

Divisional Narrative – Explanation of Variances

Corporate Resources and Support

Corporate Resources Department has delivered a balanced outturn for financial year 2019/20.

1. Delivery Communications & Political Governance (DCPG)

1.1. The Delivery, Communications and Political Governance Division overspent by a net £312k. The overspend relates to the Digital Transformation Team and will be covered by the underspend in HR.

2. Financial Services

2.1. The Financial Services Division underspent by £12k. The underspend has been transferred to Financial Services Reserves.

3. Human Resources

3.1. Human Resources underspent by a net £312k, due to vacant posts and increased income from trading with schools and academies. The underspend has been used to help cover the costs of the Digital Transformation Team.

4. Information Services

4.1. Information Services has delivered a balanced outturn.

5. Legal, Registration & Coronial Services

5.1. The Legal Services Division has delivered a balanced outturn.

5.2. Coroners overspent by £117k due to increased costs of Post-Mortem Computed Tomography and pathology and continued increased workload, which has been covered from corporate budgets in line with normal policy.

City Development and Neighbourhoods

The department overspent by £979k on a net budget of £59.6m. This overspend will be managed using the £1m contingency budget set aside when the budget was approved. Divisionally, the position is as follows:

6. Neighbourhood & Environmental Services

6.1. The division recorded a balanced outturn, through close management of activity and costs.

7. Tourism, Culture & Inward Investment

7.1. The division overspent by £517k due to lower than budgeted income from the summer outdoor performances at De Montfort Hall and the early impact of Covid-19, together with the previously reported operational impact of the redevelopment of Leicester Market. These pressures were partially offset by operational efficiencies at De Montfort Hall, unbudgeted income from the former Granby Halls site pending its sale, and close control of other costs/income.

8. Planning Development & Transportation

8.1. Existing pressures in the division have been managed. However, a substantial reduction in income in March, caused by Covid-19, meant that the division over-spent by £290k. The main reduction was from parking income.

9. Estates & Building Services

9.1. The Division overspent by £334k as a result of capital fees income not being generated at the level assumed in the budget, and the delayed implementation of the Technical Services Spending Review.

10. Departmental Overheads

10.1. This holds the departmental budgets such as added years' pension costs, postage and departmental salaries. The outturn was £186k underspend due largely to vacancies in the Schools Organisation team £125k.

11. Housing Services -General Fund

11.1. Housing General Fund Services overspent by £150k. This is the result of Fleet services (which is based in the Housing Division, supplying vehicles for all divisions) having overspent by £490k, with ageing vehicles resulting in increased repairs and the use of external hire vehicles. Orders for replacement vehicles have been placed and are awaiting delivery. The overspend was reduced through several smaller underspends and the use of reserves in the year.

11.2. Additional temporary accommodation costs for families of £450k have been fully offset by in-year savings and the use of reserves held for this purpose.

12. Housing Revenue Account

12.1. The Housing Revenue Account (HRA) is a ring-fenced income and expenditure account relating to the management and maintenance of the Council's housing stock. The HRA underspent against its budget for the year by £0.3m, excluding revenue used for capital spending (which is reported in the capital monitoring report).

12.2. Rental income and service charges received matched the budgeted amounts. Although a slight increase in the provision for bad debts was needed, the full budget was not required, leading to a £0.3m underspend.

12.3. The Repairs & Maintenance Service underspent by £0.2m. A planned overspend on voids repairs of £0.4m was the result of using contractors to help increase the speed of properties being turned around for re-let. Re-grading of Multi-Trade Operatives resulted in an unbudgeted cost of £0.5m. Reduced expenditure on materials, staff vacancies and other costs produced an underspend of £1.1m.

12.4. Management & Landlord Services overspent by £0.5m. This was largely due to a one-off cost of £0.7m associated with the relocation of tenants from Goscote House, together with staff re-grading which added a further £0.2m. The early delivery of £0.4m of permanent savings partially offset these costs.

12.5. The HRA benefitted from interest earned on its cash balances being £0.3m higher than budgeted, due in part to previous loan repayments.

Adult Social Care

13. Adult Social Care

13.1. The service spent £101.7m, £7.4m less than the budget of £109.1m. The underspend consists of £5.5m in the net care package costs, £1.2m in preventative services, and £0.4m in support services (contracting, commissioning, admin); together with £0.3m from a combination of spending review savings made in advance and a lower bad debt charge. It is proposed to transfer this one-off underspend to the Managed Reserve to support future budget strategies.

13.2. Gross care package costs for the year were £118.5m, £1.3m less than the budget, but £7.4m higher than in 2018/19. The number of service users has remained relatively stable with 5,168 at the year end, an increase of 139 or 2.76% year on year.

13.3. However, the growth in 19/20 continues a rising trend with 0.43% in 18/19 and -1.8% in 17/18. This rising trend is not seen in working age services users but in the older cohort; +0.67% in 19/20, -1% in 18/19 and -6% in 17/18. The impact of Covid-19 in 2020/21 may interrupt recent trends, but this will be closely monitored. Working age adults' growth is higher but fluctuates; +5.8% in 19/20, +2.6% in 18/19 and 4.54% in 17/18.

13.4. The increase in need of service users was 5.95% for the year compared to 5.51% in 2018/19. This rate of increase is a key factor because alongside provider fee increases this drives up gross package costs year on year. The trend remains upwards with rates in the previous 2 years being 5.3% and 5.5% with a relatively consistent 38% of users requiring package changes. The rate remains consistent with the 2020/21 budget.

13.5. The main contributor to the underspend in net package costs was as a result of income from service users and the CCG (for joint funded packages) being higher than budgeted. Both budgets were set conservatively and this year there were more service users paying fees and a higher yield per service user than assumed in the budget. The CCG income budget is set conservatively in anticipation of the full impact of reduced contributions following a review of service users by the CCG. As a result, total service user and CCG income was £4.2m higher than the budget of £24m, which combined with the £1.3m gross package cost saving gives a total net package underspend of £5.5m.

13.6. Preventative services have underspent by £1.2m compared to a budget of £16.7m This has been principally in the areas of Reablement, ICRS (Integrated Crisis Response Service), Enablement and the Integrated Community Equipment (ICES) service. We currently have vacancies for reablement assistants and officers as a result of difficulties in recruiting and retaining the right calibre of staff. A recruitment campaign is in place and flexibility is being shown in the length of contract on offer. Whilst the Enablement service had vacancies during the year these have now been largely filled. Whilst ICES expenditure was lower than budget it was in line with the previous year.

13.7. Support services underspent by £0.4m compared to the budget of £5.4m as a result of vacancies from staff turnover during the year.

13.8. The department has previously planned on the basis that Better Care Fund monies were a temporary "sticking plaster" to the sector's funding problems and might result in huge budget gaps in subsequent years if withdrawn. Consequently, monies have been set aside for this eventuality. It is clear now that the Government recognise the need for ongoing funding support and this strategy has been unwound as part of the 2020/21 budget. A residual £8.3m has been transferred to a new social care reserve.

Health Improvement & Wellbeing

14. Public Health & Sports Services

14.1. Public health and sports spent £18.17m, £0.39m less than the budget of £18.56m.

14.2. Public health spent £15.66m, £0.18m less than the budget of £15.84m. The main area of underspending was the sexual health service. Many sexual health services are paid for based on the number of self-referrals made which are variable. Moreover, the GP provided element of the service has been affected by under-capacity in 2019 with plans to address this beginning to work until the outbreak of Covid-19.

14.3. The sports service spent £2.51m, £0.21m less than the budget. Significant effort has been made to increase membership in the sports centres, even in advance of the future centre improvements and this has resulted in income of £5.7m, £0.3m more than budgeted. This was partially offset by higher running costs. Savings of £70k were also made in total from reorganising the catering facilities and in grounds maintenance at the Humberstone golf course. These savings will contribute to the service's spending review target in 2020/21. The first phase of the sports services organisational review was completed in the year.

14.4. It is proposed that the £0.39m underspend is transferred to the Health & Wellbeing reserve. Along with this grant funding was received in relation to cancer prevention and GP recruitment, this will be used in future years.

<u>Education and Children's Services</u>

15. Education and Children's Services

15.1. The department spent £68.9m as per the budget, after using £2.8m of reserves. The underlying pressure on looked after children (LAC) placement budgets remains even though LAC headline numbers have reduced in the year. The rising numbers of SEN children continue to have a severe impact on both the High Needs Block of the Dedicated Schools Grant (DSG) and also on the general fund SEN home to school transport budget.

15.2. The number of LAC at the end of the year was 621, a reduction of 50 compared to the position at the start of the year. Despite this reduction in LAC numbers, placement costs increased in 2019/20 to £30.3m, £0.85m more than the budget and £2.8m more than the previous year. New longer-term entrants to care have continued a downward trend with 138 in 2019/20 compared to 152 in 2018/19, 192 in 2017/18 and 198 in 2016/17. MST and FFT intervention programmes diverted 190 cases from care successfully in 2019/20, 18 more than the previous year.

15.3. The number of longer-term care leavers had in the preceding 3 years been relatively stable with an average of 158, but this year rose significantly to 188. There was a concerted effort during the year to convert a backlog of eligible LAC to special guardianship order (SGO) status with 49 new orders, 17 more than the previous year. This contributed more than 50% towards the increase in LAC leavers in 2019/20.

15.4. SGOs provide desirable outcomes in terms of the permanence of the placement, reduction in casework for LAC social workers and a reduction in the headline LAC numbers. However, SGO placement costs are only marginally less than the equivalent LAC placement but the cost still has to be funded by the service. There were 344 SGOs and 52 residence orders, 396 in total at the end of the year compared to 365 at the start of the year with an annual cost of £3m.

15.5. The £2.8m increase in overall placement costs was because new placements were significantly more expensive than for existing LAC. These young people have behavioural issues, mental health problems and have been subject to sexual exploitation or exploitation through County Lines. These young people require expensive residential or semi-independent accommodation but with additional support which drives up the cost. External residential placements have increased to 48 compared to 36 at the start of the year, with 9 of this increase resulting from placement breakdowns. These residential placements averaged £215k pa, 6% more than the £202k for existing ones; and the new semi-independent placement average cost was £89k pa, 65% more than the £54k for existing placements.

15.6. The use of independent fostering agencies has continued to increase with 129 at the end of the year compared to 111 at the start, with the result that internal and kinship foster carers now account for 53% of total LAC, down from the 59% at the start of the year. There remains an issue of matching LAC to carers particularly with large sibling groups and a capacity constraint on internal provision. The knock-on impact on costs is clear because IFAs are now costing 3 times the cost of internal provision.

15.7. The net result of the change in mix of placements and unit cost increases results in average year end placement costs of £43k pa compared to £35k at the start. The impact of this has been included in the 2020/21 budget.

15.8. The level of agency social workers has been reported on a regular basis because of the previous high numbers and the impact on the social worker workforce stability. The number of agency staff is now only 21 (31 at the start of the year) compared to an establishment of 111. ASYEs and level 2 permanent social worker posts represent 39% of the permanent social workers, a higher proportion than is likely to be the case in the future as these staff progress through the career grade. As a result, in spite of the agency staff, overall staffing costs for social workers was lower than the core establishment budget by £0.1m.

15.9. Rising numbers of SEN pupils have resulted in SEN home to school transport costs of nearly £7m, £0.9m more than the budget and £0.7m or 11% higher than the previous year. £0.2m of the year on year increase was due to increased costs of the in-house service. The re-procurement of the taxi contract has been delayed as a result of the pandemic.

15.10. The impact of rising SEN numbers and increasing need on the DSG budget was higher than previously forecast, with an in-year shortfall compared to the allocation of £6.6m. The main increase was the additional funding provided for pupils with SEN who are educated within mainstream schools which rose by 20% year on year to £9.9m out of a total high needs block expenditure of £53.9m.

15.11. The in-year deficit in the High Needs Block allocation has been funded from DSG reserves in 2019/20, the last year in which this will be possible. Whilst there has been a £6.3m increase in the HNB allocation in 2020/21, this is insufficient to fund even 2019/20's level of expenditure. Allowing for growth we will have a cumulative deficit in our DSG reserves at the end of 2020/21. The DfE have changed the School Financing Regulations to ringfence such deficit balances to prevent them from being funded by the general fund. This is not a sustainable solution, however, and to add insult to injury the DfE require LAs to produce action plans to eliminate in-year deficits over a three period. This is in the context of year on year increases nationally and locally of children receiving education and health care plans.

15.12. Primary school carry forward balances increased by £0.5m from £7.5m to £8m surplus and secondary schools increased by £1.62m from £5.85m to £7.47m surplus. Special school and PRU balances reduced by £1.73m from £1m surplus to £0.73m deficit.

<u>Corporate Items & Reserves</u>

16. Corporate Items

16.1. The corporate budgets are those not managed by departments.

16.2. At outturn an underspend of £5.5m has been reported, although £979k of this will be used to offset the overspend in City Development and Neighbourhoods.

16.3. An element of the underspend relates to a VAT refund of £5.3m received in year, of which decisions have already been taken to use £3.5m to match fund the Transforming Cities programme. The refund (of which £1.8m is included in the £5.5m above) follows successful pursuit of a retrospective claim for income at leisure centres to be treated as exempt from VAT.

16.4. Housing Benefit payments underspent by £2.6m, this is mainly in relation to a reduction in the bad debt provision, £2.5m. This is due to the level of overpayment debt reducing due to improvements in the way we manage outstanding debt. It is proposed to transfer this saving to the welfare reserve.

16.5. Other savings relate to contingencies of £1.4m and additional government grants of £566k. As detailed earlier in this report, the underspend will fund the overspend in City Development and Neighbourhoods.

16.6. Considering the increase in remote working following the Covid-19 crisis, Information Services have identified several technology initiatives which will improve our ability to respond to a similar crisis in future and address single points of failure identified during the crisis. These initiatives could include providing resilient routes into critical applications hosted in the LCC Data Centres, integrating telephony into Teams, improved remote working offer through eliminating desktops and expanding our Virtual Desktop Infrastructure (VDI) platform, enhanced cyber-security for systems and data held in the cloud. We will also review how we engage with our citizens and increase our ability to undertake our democratic services virtually. We are therefore proposing to put £3m of corporate savings into the IT Departmental reserve ringfenced for ICT investment going forward.

16.7. The remaining balance of corporate underspending will be transferred to the Managed Reserves Strategy (£1.5m) to support the future budget strategy.

16.8. There have been savings on the capital financing budget of £0.8m, due to continued high levels of cash balances, and achievement of higher interest through the opportunity to lend money to other local authorities for periods in excess of a year (in line with the treasury management strategy). This saving will be transferred to managed reserves.

APPENDIX C

Earmarked Reserves – Year-end Summary

1. Summary

1.1. Earmarked reserves represent sums set aside for specific purposes. This is in contrast to the General Fund, which exists to support the Council’s day-to-day operations. Reserves are increasingly being used to mitigate future budget pressures.

1.2. Reserves are created or dissolved with the approval of the City Mayor. Directors may make contributions to reserves provided that the purpose of the reserve is within the scope of the budget ceiling from which the contribution was made. Directors may withdraw money from reserves to support spending that is consistent with the purpose for which the reserve was created.

1.3. Earmarked reserves can be divided into different categories: information on the larger reserves in each category is detailed below. Some of the balances include transfers for which approval is sought in the recommendations to this report.

2. Ring-fenced reserves

Ringfenced reserves, are funds held by the Council but which we have obligations to other partners or organisations

2.1 The following reserves are ringfenced for schools;

2019/20	Balance at 31st March 2019	Total in Year Transfers	Balance at 31 March 2020
	£000	£000	£000
DSG not delegated to schools	8,210	(2,633)	5,577
School Balances	17,227	(2,274)	14,953
School Capital Fund	2,958	(209)	2,749
Schools Buy Back	2,656	(170)	2,486
Secondary PRU- Year End Balance	86	(86)	-
Primary PRU -Year End Balance	83	(83)	-
Total School Ring Fenced Reserves	**31,220**	**(5,454)**	**25,766**

2.2 DSG not delegated to schools is principally for spending on the High Needs Block, as described in para 15.11 above.

2.3 The following reserves are ringfenced for Arts Council &Education & Skills Funding.

2019/20	Balance at 31st March 2019	Total in Year Transfers	Balance at 31 March 2020
	£000	£000	£000
Education & Skills Funding agency Learning Programmes	1,353	(490)	863
Arts Council National Portfolio Organisation Funding	666	156	822
Total Other Ring Fenced Resources	**2,020**	**(334)**	**1,686**

3. Capital Programme Reserve

This reserve supports approved spending on the Council's capital programme and is to be fully utilised. £10m has been added to the reserve, to fund the capital programme for 2020/21 (as approved in February).

2019/20	Balance at 31st March 2019	Total in Year Transfers	Balance at 31 March 2020
	£000	£000	£000
Capital Programme Reserve	**50,328**	**7,479**	**57,807**

4. Departmental Reserves

Departmental reserves are held by services to fund specific projects or identified service pressures identified

2019/20	Balance at 31st March 2019	Total in Year Transfers	Balance at 31 March 2020
	£000	£000	£000
Financial Services Reserve	3,708	362	4,070
ICT Development Fund	3,497	2,770	6,267
Delivery, Communications & Political Governance	5,654	(1,104)	4,550
Housing	1,580	538	2,118
City Development (Excl Housing)	3,616	1,692	5,308
Children's Services Pressures	15,297	(6,478)	8,820
Social Care Reserve	-	8,322	8,322
Health & Wellbeing Division	3,462	625	4,087
NHS Joint Working Projects	1,769	714	2,483
Other Departmental Reserves	1,175	(138)	1,037
Total Other Departmental Reserves	**39,758**	**7,303**	**47,062**

Detail on the larger reserves is provided below:-

4.1 **Children's Services Pressures:** to balance future budgets, some of which were detailed in the 2020/21 budget report.

4.2 **City Developments and Neighbourhoods:** to meet known additional pressures, including one off costs associated with highways functions and the cost of defending planning decisions, along with the funding of projects that have carried forward into 2020-21

4.3 **Delivery Communications & Political Governance:** this is principally for expenditure incurred to retain the Digital Transformation team, temporary and one-off staffing costs in HR/Payroll along with future elections.

4.4 **ICT:** rolling funds for network and server upgrades, mobile airtime and upgrade of PC stock. This reserve includes the proposed transfer of £3m to support ICT investment as detailed in para 4.1 of this report

4.5 **Financial Services:** for expenditure for improving the Council's main financial systems; funding the Service Analysis Team; spikes in benefit processing and overpayment recovery; and to mitigate budget pressures including reducing grant income to the Revenues & Benefits service.

4.6 **Health & Wellbeing:** to support service pressures, channel shift and transitional costs. It is proposed to release to £890k to the managed reserves strategy as it is no longer required following a review.

4.7 **Housing:** to meet spikes in bed & breakfast costs; sourcing private sector landlords; costs associated with economic migrants; refugee related expenditure and for development work associated with a subsidiary housing company. In year £869k of Government grant income has been moved into this reserve for future expenditure on the Vulnerable Persons' Resettlement Scheme and £88k for Homelessness.

4.8 **NHS Joint Working Projects:** the government has provided funding for joint working between adult social care & the NHS. This includes a transfer in of £714k for monies received to be used to fund future expenditure.

4.9 **Social Care Reserve:** this reserve has been created to assist with the management of in-year pressures in social care. For many years, most volatility has been seen in adult social care, but it is felt appropriate to use this reserve for children's social care as well if the need arises.

5. Corporate reserves

Corporate reserves are those held for purposes applicable to the organisation as a whole and not any specific service and are administered corporately.

2019/20	Balance at 31st March 2019	Total in Year Transfers	Balance at 31 March 2020
	£000	£000	£000
Managed Reserves Strategy	33,583	14,308	47,892
Demographic Pressures	22,372	(3,455)	18,917
BSF Financing	12,167	(4,674)	7,493
Severance Fund	6,328	(1,507)	4,821
Service Transformation Fund	4,912	(1,182)	3,730
Insurance Fund	11,590	(3,070)	8,519
Welfare Reserve	3,383	2,123	5,506
Other Corporate Reserves	4,345	259	4,604
Total Corporate Revenue Resources	**98,679**	**2,802**	**101,481**

Detail on these reserves is provided below:-

5.1 **Managed Reserves Strategy:** a key element to delivering our budget strategy, as set out in the budget report for 2020-21 and ongoing. Some of this may be needed to deal with Covid-19 pressures if Government funding is inadequate.

5.2 **Demographic Pressures** was originally created to perform a similar function as the managed reserves strategy but for social care services. It is felt thou that going forward there is no merit in holding this balance separately, so it will be merged with the Managed Reserves Strategy.

5.3 **BSF Financing**: to manage costs over the remaining life of the BSF scheme and lifecycle maintenance costs of the redeveloped schools.

5.4 **Severance Fund:** to facilitate ongoing savings by meeting the redundancy and other costs arising from budget cuts;

5.5 **Insurance Fund**: to meet the cost of insurance claims: nearly all our costs are met from this fund.

5.6 **Service Transformation Fund:** to fund projects which redesign services enabling them to function effectively at reduced cost;

5.7 **Welfare Reserve:** originally set aside to support welfare claimants who face crisis, following the withdrawal of government funding for this purpose. It is now considered appropriate to extend its remit to provide support to welfare reform and welfare support more generally, which would include any potential longer term implications of the Covid-19 pandemic. The balance includes the proposed transfer from housing benefit savings.

5.8 **Other reserves:** includes monies for spend to save schemes that reduce energy consumption, the combined heat and power reserve, and the surplus property reserve to prepare assets for disposal.